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JAMES G. SHEEHAN, JR.
ELIZABETH G. NICKELS

May 16, 2008

RECEIVED

MAY 19 2008

PUBLIC SERVICE
COMMISSION

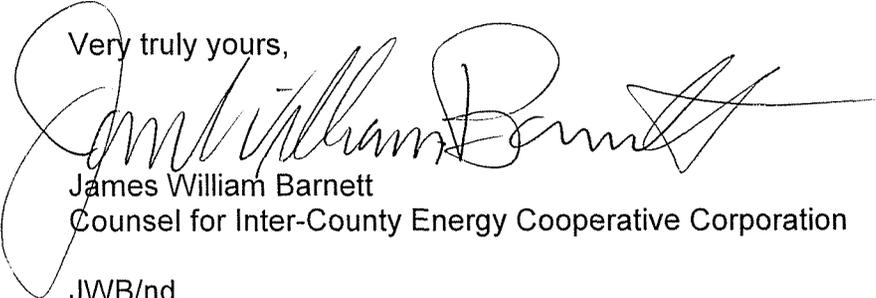
Ms. Stephanie L. Stumbo
Executive Director
Kentucky Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: Case No. 2007-00378

Dear Ms. Stumbo:

Please find enclosed an original and (6) copies of the responses to the information request set forth in Appendix A of Case No. 2007-00378, in the matter of An Examination by the Public Service Commission of the Environmental Surcharge Mechanism of East Kentucky Power Cooperative, Inc. for the Six-Month Billing Periods Ending June 30, 2006 and December 31, 2006 for the Two-Year Billing Period Ending June 30, 2007 and the Pass-Through Mechanism for its Sixteen Member Distribution Cooperatives. Also, a copy of the responses to the information request have been sent to all parties of record as shown on the attached list.

Very truly yours,


James William Barnett
Counsel for Inter-County Energy Cooperative Corporation

JWB/nd
Encl.

CC: All Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter of:

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR THE)
SIX-MONTH BILLING PERIODS ENDING)
JUNE 30, 2006 AND DECEMBER 31, 2006 FOR)
THE TWO-YEAR BILLING PERIOD ENDING)
JUNE 30, 2007, AND THE PASS THROUGH)
MECHANISM FOR ITS SIXTEEN MEMBER)
DISTRIBUTION COOPERATIVES)**

CASE NO. 2007-00378

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MAY 19 2008

**PUBLIC SERVICE
COMMISSION**

INTER-COUNTY ENERGY COOPERATIVE CORPORATION
RESPONSES TO APPENDIX A
OF AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00378 DATED MAY 1, 2008

1. Has your cooperative experienced any problems in administering its environmental surcharge pass through mechanism over the 2-year period under review in this case? If yes, explain in detail the nature of the problems and any suggested changes to cure the problems.

Response: No.

2. Has your cooperative received any customer complaints regarding the environmental surcharge pass through mechanism during the 2-year period under review in this case? If yes, state the number of complaints received, the nature of each complaint, and the service classification of each customer making a complaint.

Response: No, not the mechanism. However, we have received numerous inquiries (estimation of 2-3 per week), mainly from the residential class, questioning why the environmental surcharge is on the bill and the variance in fluctuations each month.

3. Does your cooperative believe that its environmental surcharge pass through mechanism has operated reasonably over the 2-year period under review in this case? If no, explain in detail.

Response: Yes.

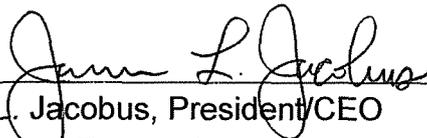
4. Does your cooperative have any recommended changes for its existing environmental surcharge pass through mechanism? If yes, explain in detail the nature of each change and the reasons why the change is needed.

Response: Yes. Inter-County Energy Cooperative Corporation would ask that the Commission consider a "levelized" pass-through mechanism for the environmental surcharge in order to make this charge more manageable for the end user.

Inter-County Energy Cooperative Corporation's power supplier, East Kentucky Power Cooperative, Inc. ("EKPC") has been made aware of the fact that some EKPC member systems are experiencing an under-recovery of the environmental surcharge from certain customer classes, or large customers, due to the pass-through mechanism.

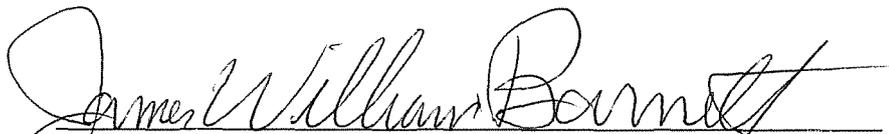
Since the impact of this situation varies among different member systems, EKPC is currently evaluating this issue, in an attempt to identify possible changes in the allocation methodology which would be equitable for all member systems and retail customers. It is hoped that some acceptable changes to the pass-through methodology can be developed within the next 60 days. EKPC plans to present any proposed changes to the pass-through methodology to the Commission for review at the earliest appropriate time.

James L. Jacobus, being duly sworn, states that he has supervised the preparation of the responses of Inter-County Energy Cooperative Corporation to the Public Service Commission Data Requests in the above-referenced case dated May 1, 2008 and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



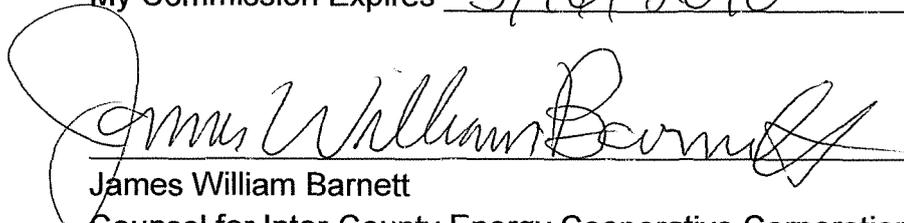
James L. Jacobus, President/CEO
Inter-County Energy Cooperative Corporation

Subscribed and sworn to before me by James. L. Jacobus as President/CEO of Inter-County Energy Cooperative Corporation this 16 day of May, 2008.



NOTARY PUBLIC
STATE OF KENTUCKY
COUNTY OF BOYLE

My Commission Expires 3/16/2010



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CERTIFICATE OF SERVICE LIST FOR CASE NO. 2007-00378

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